

**STRATEGY  
RESEARCH  
PROJECT**

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**ARMY COMPONENT INTEGRATION**

**BY**

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USAWC STRATEGY RESEARCH PROJECT

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## ABSTRACT

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With today's focus on Army integration of the Reserve Component, our Army as an institution and its soldiers would benefit from one common accountability system that defines a successful career in uniform and includes retirement benefits. The current system has huge accountability and benefit inequities among the three components of the Army. In today's force, all soldiers have a role in providing security for our nation. We must merge our current management system to get the maximum benefit from our soldiers, regardless of status. This study focuses on new ways to increase productivity by providing equitable benefits to all soldiers. Recommendations are provided that will benefit the Army as an institution and all of its soldiers.



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## ARMY COMPONENT INTEGRATION

From ancient civilizations to the present, societies have raised armies for defense and for conquest of other lands. Supporting those armies was never easy since soldiers protect the nation, but typically do not contribute to the economic growth. Since large armies were almost always more successful than small ones, rapid expansion of a small regular force in times of crisis provided an economical way to protect the nation. For all armies, the size of the force largely depended on the wealth of the nation and the will of the population to support it.

Documented augmentation of armies with local population volunteers and conscripts dates back well over fifteen hundred years.

The idea of supplementing Regular or full-time forces with Reserve or part-time forces is even older than the Middle Ages. The Roman Empire of the late fourth and early fifth centuries depended upon the *Comitatus*, a full-time, regular Army that was backed by the *limitanei* of part-time soldiers living on the land along the Empire's long frontiers and charged with the defense in time of emergency.<sup>1</sup>

Support for the defense of the nation in time of war is a universal theme, which no nation could survive without. In many ways, these are the same basic concepts that form the reserve system of today's United States Army.

As these forces developed throughout the years, there was often a struggle between the regular forces and the temporary service members who were needed to win wars. Once the crisis was over, the Army returned to its original smaller size and the temporary soldiers returned to civilian life. Military competence, training, and status ranked high on the list of complaints from both sides as waging war became more complex. The rewards systems that developed in the US Army typify the sentiments that the reserves required for the defense of the nation are less valuable than the regular soldiers, despite the increasing dependence on those forces.

The answer to a successful and efficient Army includes seamless integration of the reserve and regular forces when their combined effort is needed. All soldiers defend our nation and execute the national will. Unfortunately, we separate these soldiers with completely different support and management systems instead of capitalizing on their similarities. In our haste to support our Army, we started with defining our differences and worked towards our similarities. The end result is two separate, complex, and non-complimentary systems.

Full integration of the Army starts with the concept of what a soldier is and does for the nation. We should implement a national system that views, manages, and rewards all soldiers the same; as soldiers.

Former Chairman, Joint Chiefs of Staff, General Hugh Shelton, emphasized integration of the reserve forces within the Department of Defense. He made it a priority and believed it necessary for America to adequately respond to military crisis. General Shelton states,

"With a smaller active duty force, the Reserve and Guard is called on virtually every contingency... We must embrace the concept that each individual component succeeds only when we all succeed. We must have a fully integrated force."<sup>2</sup>

The idea of integration and change is not new, Former Chief of Staff of the Army, General Dennis Reimer stated in 1998:

We must change. Our National Military Strategy and the realities of a changing world have created new missions and challenges that can be ideally addressed with Total Army solutions. We are changing, and we continue to make great progress in preparing the Total Army for the 21<sup>st</sup> Century.<sup>3</sup>

The same White paper states that:

The Army's current and planned programs will serve as our bridge to the future, a future that moves Total Army integration from coordinating three components to building one seamless 21st Century Force, a common culture based on common training, doctrine, experience, and shared knowledge. This future force might include:

- A single education, training, readiness, and deployment system for the Total Army.
- Personnel management systems that allow leaders and soldiers to serve in multiple components during a career of service as a matter of course.
- Fully integrated command and control and digital systems that allow for thorough and complete integration of all component forces.
- Organizations that maximize the capabilities and unique strengths of each component.

The seamless, single integrated Army of the future will not only be bound together by its structures and systems, but will also be forged with the Army's enduring commitment to teamwork, discipline, values, and absolute trust, disciplined and deliberate path ahead.<sup>4</sup>

The guidance from the current Chief of Staff of the Army, General Eric Shinseki includes full integration of all reserve assets into the Army system.<sup>5</sup> On the AC/RC integration home page, General Shinseki states:

Today, I declare that we are ***the Army***—totally integrated, with a unity of purpose—no longer the total army, no longer the one army. We are ***the Army***, and we will march into the 21<sup>st</sup> century as ***the Army***. We acknowledge our

components and their unique strengths. But we are ***the Army*** and we will work to structure ourselves accordingly.<sup>6</sup>

Although the current components have “their unique strengths,” we should strive to be the Army in all aspects of soldiering and merge the strengths into ***the Army***. The leadership of the Army, past and present, all point to systems that must change to support our Army of tomorrow. Integration and similarity continually arise as the main issues for the future of the Army. As the Army moves to a more integrated war fighting system, the policies and procedures concerning the employment and accounting of the Army Reserve and Active Army must change. We are now in an Army that employs the reserve components far more than at any other time in our history. Now, whether a soldier is a member of a reserve component or the active Army, it makes very little difference since they both serve in support of our national objectives. To ease the transition from two separate federal forces and one state/federal force to one fully integrated force, the entire concept of serving must change.

Complete integration of the reserve and active components into the Army require a new definition of service to the country with significant supporting administrative policies and service changes. In a world of continued utilization of the reserve forces, one single integrated personnel system that accounts for all soldiers would be far superior to the current system.

Only during times of total war, has the Army relied on the reserve forces as it has since the Gulf War. The Army has saved war-fighting structure by moving much of the Combat Support and Combat Service Support into the Army Reserve and the Army National Guard. The effect of this restructuring has dramatically increased the need for reserve forces to support Army missions. As the active and reserve soldiers serve side by side in nearly every operation, the differences that separate them have become a source of frustration for reserve component soldiers. In a world of equal missions and requirements, a single common management and rewards system is a logical progression for the Army of tomorrow.

## **VISION**

I propose changing the supporting structure and subsystems that have kept the components apart. The main systems that separate these forces are the force structure’s functional design, the personnel management system, and the retirement system, that are all rooted in public law. We must merge the separate components’ sub-systems into one organizational concept in order to accommodate the new total force. The new system would be one force with one management and retirement system, instead of the current active and

non-active systems. Future systems need to be capable of easily supporting all Army soldiers and allow for easy transitions among the categories of service.

There are certainly many other issues surrounding total force integration. However, the proposal here is to eliminate one common barrier that could serve as the foundation for other such systemic changes. The current system is a barrier to cohesion and productivity at a time when unity, teamwork, efficiency, and effectiveness are essential to mission success.

## BACKGROUND

Historically, The Army has emphasized the differences instead of the similarities of its' soldiers. The personnel system was built on the basis of the differences between soldiers and evolved into complex sets of systems that emphasize the same tenants. The American Army system has historically predicated active military service as an all or nothing proposition. Soldiers in the Active Army were part of a fully developed system while those who joined in times of national crisis, and were essential for victory, were considered as temporary help. The current personnel system is the result of constant struggle and compromise between the wartime needs for a large standing Army and the American desire to maintain a much smaller peacetime Army that can be effectively augmented when necessary.

Throughout our short American history, dichotomizing our soldiers has caused a significant division between the two types of soldiers. Following the Revolutionary War, the Active Army was reduced to eighty men under the belief that the state militias could collectively protect the United States without a sizeable permanent and professional Army.<sup>7</sup> The militia was completely administered and trained by the states, unlike the federal forces of the regular Army. There was a brief build-up of American forces following the War of 1812, but by 1821 Congress no longer saw the need for a large Army. The Army was reduced again; despite attempts by President Jefferson and Secretary of War Calhoun to keep a larger active force.<sup>8</sup> By 1835, the active Army was again reduced, this time to a total of 4,000 men.<sup>9</sup> Heavy reliance on non-regular soldiers remained an American tradition even during World War II, when the United States saw the Army grow to nearly 9 million men in uniform.

Although the Army relies on the general population to fill its ranks and provide significant manpower during major wars, that force historically has not been well-trained. Up until the post - World War II era, even reserve forces were not adequately trained or supported. American fear of large standing armies and the luxury of very large natural boundaries to protect the nation helped form a heavy reliance on militia, as evidenced in our struggle for independence from

England. Rooted in that same concept are support of the state militia and a fear of a federal force, even though:

...both the Continental Army and the militia forces were necessary to win the Revolution... “the Revolutionary experience provided ammunition for two diametrically opposed schools of thought on American military policy: one advocating a large Regular Army, the other reliance upon the militia as the bulwark of national defense.”<sup>10</sup>

The American people would not accept a strong federal force or even a federal militia, despite its wartime efficiencies. Thus, waging a national war in those early days was intentionally cumbersome and inefficient.

From the formation of the United States, through the Spanish American War, the American Army relied on the regular Army, the state militia, and volunteers to fight its wars. Unfortunately, the selection of militia leaders was usually based more on state politics than military technical competence. It was commonplace for the volunteer officers to gain their military position based on the number of volunteers they raised. These officers often had no military training. In the early formation of the country, military skills were very closely related to survival skills in the colonies’ frontiers. These rugged men could easily integrate into the fight. As warfare became more formal and complicated and military equipment became more different from hunting gear, the local farm boy had a more difficult time understanding the execution of his military mission.

By the late 1800’s, there was great animosity among the two officer corps. In 1876, Major General Emory Upton wrote *The Military Policy of the United States* where he proposed the formation of a federal wartime reserve augmentation force called “National Volunteers.”

Upton advocated leaving the militia to execute the laws of the states and called “the employment of the militia and undisciplined troops commanded by generals and officers utterly ignorant of military art” the first and greatest weakness in the American military system.<sup>11</sup>

These were strong words that eventually influenced the Secretary of War, Elihu Root, to take action in 1903. Root supported legislation that strongly linked the National Guard to the Active Army and provided needed training oversight, funding, and equipment.

The Dick Act, named after Congressman Charles W. Dick (also a Major General in the National Guard) standardized the funding, training, and equipping of the National Guard while preserving the state role. The Act also identified the unorganized militia, which laid the foundation for the eventual formation of a federal reserve force in 1908.<sup>12</sup> Amazingly, this was the first formal link the Army made with the existing militia that promoted a sense of unity among all the parts of the Army. There have been many other unifying changes since then, but the Dick

Act was the first significant step in the formation of a chain of responsibility between the Active Army and its supporting reserve elements.

The early reserve management system did not organize reserve soldiers or reward them for joining. Promotions have always been managed separately for reserve officers. Unfortunately, even up through World War II, some reserve officers on active duty were not promoted when they met active duty standards because they were subject to reserve promotion rules. During World War II, nearly one quarter of the reserve officers were not able to compete for promotion while serving on active duty.

Figures compiled by ROA [Reserve Officers Association] indicated that by June 1944 – over 2 ½ years after Pearl Harbor – some 21 percent of the ORC [Organized Reserve Corps] members on active duty had not received even one promotion.<sup>13</sup>

Following the war, a new law attempted to correct the situation and encourage reserve retention. Many of the issues addressed by the law dated back to the cumbersome management system created by the original 1920 laws that also created the Army Reserve forces.<sup>14</sup>

The retirement laws for the Active Army are rooted in the Civil war era that were originally designed to eliminate senior officers no longer fit for duty. The first discriminator was any officer with more than forty years of service and eventually included involuntary retirements for age.<sup>15</sup> The current active Army retirement system is based on a minimum of twenty years of service with an immediate pension upon transfer to the Retired Reserve.

The retirement system for reservists did not come into effect until after World War II, when Congress passed a law creating a separate retirement for part-time soldiers. The Reserve retirement system has only been in existence since 1948 and is far less progressive than the Active Army system. Reserve retirement is also based on twenty years of service, but is defined on a point system that attempts to reward reservists in retirement based on the number of duty days performed for the Army.

The proposal for non-disability retirement pay for reservists – both officers and enlisted personnel – was finally enacted by the provisions of Public Law 80-810 (June 29, 1948). The law provided for payment beginning at the age of 60 to reservists who had served at least twenty years in the reserve and active components. Retired reservists were not yet, however, permitted to use the commissaries or post exchanges, despite a concerted campaign by the Reserve Officers Association.<sup>16</sup>

The inequities between the two systems are immense despite the growing reliance on the reserves to perform in increasing roles for the Army.

## CURRENT SYSTEM

The Army structure is divided into three components, the Active Army, the Army Reserve, and the Army National Guard. To perform its share of the Army mission, each component has its own unique mission, force structure, recruiting requirements, culture, and supporting administrative systems that are designed to support the component. Noted problems arise when these components must train together and combine to perform intense and sometimes dangerous missions.

The current system tasks non-deployable Reserve headquarters like the Regional Support Commands with peacetime management and administrative support. However, when all of the peacetime support units are activated and assessed into the Army structure for mission support, the headquarters reverts to minimal regional supporting tasks that could easily be accomplished by an Army wide regional Base Operations Division.

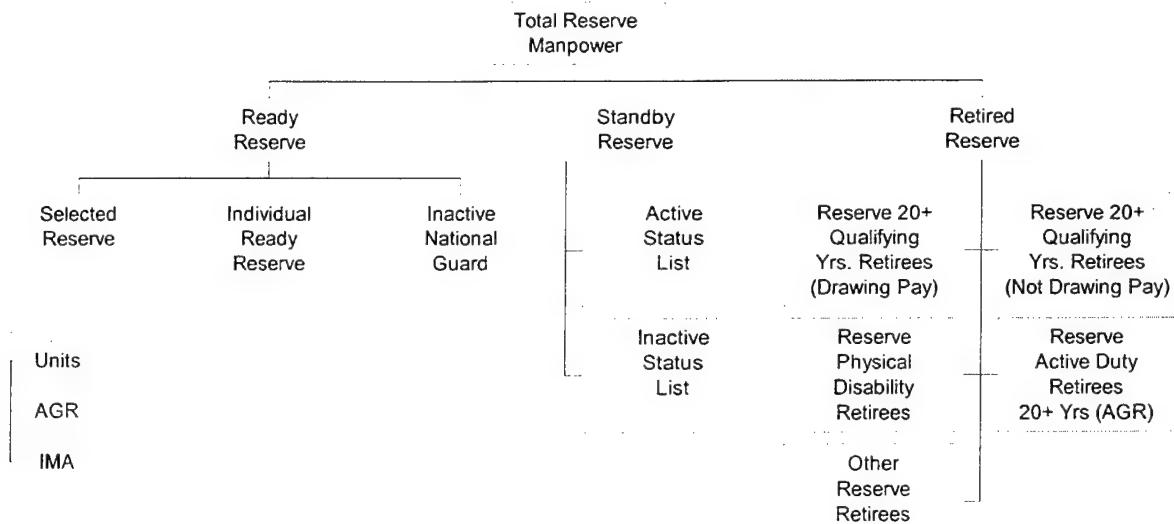
Personnel management includes enlistments, commissions, military service records, assignments, promotions, and many other areas that account for a soldier's service. The current Army management system is comprised of two completely separate commands. The Army Personnel Command (PERSCOM) is located in Virginia while the Army Reserve Personnel Command (AR-PERSCOM) is located in Missouri. Neither system has visibility into the other. Soldiers who transfer from one system to the other often struggle to recreate base documents and service data. Two totally different accountability, pay, and retirement systems are counter productive and add to the division of soldiers instead of capitalizing on the similarities. Maintaining two separate management systems also discourages integration and does not promote a sense of seamless service. It also hampers and sometimes restricts movement across component boundaries.

Active duty soldiers are able to draw a pension following twenty credible years of active federal service. Retention beyond the twentieth year drops off significantly as seen in a US Government Accounting Office study conducted in 1996:

After 20 years of service, however, the retention rate drops significantly. For example, approximately 36 percent of personnel who attain 20 years of service retire within 1 year of reaching that threshold.<sup>17</sup>

Force reduction, especially at the senior levels, is not always bad; however, a significant number of soldiers retire from active duty and are not permitted to participate in the reserves at all. It is an all or nothing proposition. The chart in Figure 1 shows the current categories of reserve forces, including the retired reserve.

### RESERVE COMPONENT CATEGORIES



**FIGURE 1, RESERVE COPONENT CATEGORIES<sup>18</sup>**

"Retired Regular personnel are not included as part of the Reserve manpower categories, but are a pool of trained personnel available for mobilization consistent with the Retired Reserve."<sup>19</sup>

The current reserve retirement system allows soldiers with twenty years of active federal service to retire with identical benefits as the active duty counterparts. However, the traditional retired reservists must wait until their sixtieth birthday to draw retirement pay, 7-22 years later than their active duty counterparts. These soldiers are called "Gray Area" retirees and are usually required to wait well beyond their Mandatory Removal Date (MRD) before they can draw benefits.

Ironically, "Gray Area" retirees also have more restrictions than their Active Duty retiree counterparts for recall to active duty service. Unlike the active service retirees who are subject to involuntary recall to active duty by the Service Secretary under Title X, US Code Subtitle A, Part II, Chapter 39, Section 688(b).<sup>20</sup> Recall of the Army Reserve retiree requires approval from the Secretary of Defense with additional conditions under Section 12301:

...However a member ... in a retired status may not be ordered to active duty under this subsection unless the Secretary concerned [Secretary of the Army], with the approval of the Secretary of Defense in the case of the Secretary of a military department, determines that there are not enough qualified Reserves in an active status or in the inactive National Guard in the required category who are readily available.<sup>21</sup>

The “Gray Area” retiree may volunteer to transfer back into the Ready Reserve in order to return to military service as a member of the Individual Ready Reserve. As stated in Army Regulation 140-10, paragraph 6.4b:

A soldier who is not receiving retired pay and is otherwise qualified ... may be transferred to the IRR, or to an appropriate TPU or IMA position vacancy. The transfer must be voluntary based on the soldier's request.<sup>22</sup>

The recall system for Army retirees clearly has built-in inequities and does not serve the Army as well as one common system to all retirees could.

The chart below outlines some of the differences in accountability and rewards of the two retirement systems.

	Retirement Pay	Medical/Dental	Survivor Benefit Plan	Space A Travel
<b>Active</b>	Immediate	Provided	Immediate	CONUS and OCONUS, retiree and dependants
<b>Reserve</b>	Age 60	Provided if receiving retired pay <sup>23</sup>	Benefits delayed to soldier's 60 <sup>th</sup> birthday or immediate at higher cost <sup>24</sup>	Before age 60 – retiree only, CONUS only. After age 60 – retiree and dependants, CONUS and OCONUS <sup>25</sup>

TABLE 1 – ACTIVE/RESERVE RETIREMENT DIFFERENCES

### LIMITATIONS/ LARGER POLICY CHANGES

The scope of this study is to evaluate selected conceptual differences between active and reserve forces and to recommend systemic changes that would benefit the Army. Many details about the entire benefit system are intentionally avoided to expedite and simplify the analysis, such as those represented in Table 1 (above). The purpose is not to detail a new system; rather it is to demonstrate the faults of the old, the benefits of the new, and the initial concept for what the new system should emphasize.

A new system will require significant changes in the Title X, U. S. Code and would require significant revisions in public laws that govern Department of Defense assets. These changes also have significant implications for the other armed services. Issues discussed here are from an Army perspective. Implementation of subsequent changes by other services will not be addressed and integration issues that would follow these policy changes are beyond the scope of this project.

The issue of National Guard units in support of their respective states is difficult to address since my suggestion is to merge all three components of the Army. The state supported missions are limited in federal support by the Posse Comitatus Act with some limited exceptions. My intent is to recommend changes to a federal system that could include the National Guard. Although I will pose a solution, other options and additional provisions may be required to meet state requirements but will not be discussed in this paper.

The Army can complete its missions in its current configuration and routinely supports changes to correct management deficiencies or adapt to a changing environment. The proposal listed below, however, is a systemic change that alters the perspective and basis of military management to increase efficiency and equity of the organization.

## **PROPOSED SYSTEM**

The system should start with soldiers' common characteristics and manage by exception those things that differ. The new management system starts with the premise that all soldiers are members of the Army and are therefore conceptually no different, except for their full- or part-time status. The component system would dissolve and all Army units would form under one Army chain of command. Unit structure would base strength on positions and define units by the percentage of full- and part-time slots needed. All units would have full- and part-time slots. The units that respond to emergencies first would have many full-time slots and fewer part-time slots, while the units that respond later or that are not immediately essential would have fewer full-time slots and many more part-time slots. As units are activated, the part-time soldiers are called in and the unit deploys at full strength, with full-and part-time soldiers working side by side.

Part-time soldiers would be authorized a minimum of 14 duty days per year with no maximum limitation. Distribution and management of active duty funds for part-time soldiers is a chain of command responsibility that would be similar to the current Annual Training fund management system at the Regional Support Command level. The goal would be to allow part-time soldiers 30 duty days per year with the assigned unit. Training requirements vary for part-time soldiers; some soldiers would not need more than 14 days, while others would probably need more than 30 duty days to maintain proficiency with the unit.

As an example, a physician who practices medicine on a daily basis would not need as much duty time as an infantry battalion staff officer. While both soldiers are assigned to part-time positions, the varying amount of duty time required to reach mission proficiency allows for certain civilian acquired skills and technical competency that part-time soldiers can maintain out

of uniform. These differences are similar to the current Individual Mobilization Augmentee (IMA) and the Troop Program Unit (TPU) program. Some IMA soldiers are limited to one 14 day tour per year while most drilling TPU members are scheduled for 24 drill days and 15 days of AT for a total of 39 duty days per year. Each soldier is brought on duty according to the needs of the Army.

All part-time duty would include travel and per diem for those soldiers who live outside commuting distance from the unit. Policies within the chain of command could limit the number of trips per year to restrict excessive travel. One of the major changes of this system would be the elimination of the Inactive Duty for Training (IDT) status. Under the new system, a duty day in the Army is a full day for pay and allowances and one retirement point, instead of two days of base pay and two "soft" retirement points received under the current system.

All units will have full-time slots and part-time slots, for full integration. This system allows greater resources and manpower to focus on critical response units, depending on mobilization and deployment requirements. Units would be tiered according to wartime urgency to determine the number of full-time and part-time slots. Combat units would maintain a higher ratio of full-time slots based on tactical expertise while Combat Support and Combat Service Support units rely more heavily on part-time soldiers who could maintain military skills through civilian employment. Many job skill sets that have civilian applications and soldiers working in those civilian jobs require less training for proficiency.

Higher-level commands would have a significant full-time staffing requirement for peacetime management and wartime planning. The goal is for total conversion of all units into deployable war fighting assets. The US Army Reserve Command (USARC) could become an Army Headquarters to fulfill a needed function. Administrative commands like the Regional Support Commands and Regional Support Groups would no longer be needed to manage "Reserve Units" since all units would be "Army Units." These commands could transition to functional war fighting headquarters with peacetime down-trace. All units would follow a doctrinal alignment.

Conversion of these headquarters to functional headquarters like a Theater Support Group, Corps Support Group, or Division level command would add to the war fighting capability of the Army without adding man power. "Train as you fight" and "organize as you fight" would become the standard. The 244th Aviation Brigade currently has units assigned all over the continental United States and manages these assets without the geographical boundaries that serve as the basis for the Regional Support Command concept. Geography no longer needs to define a command structure that folds into its wartime mission.

An obvious concern with any National Guard change involves the state mission. The restrictions imposed by the Posse Comitatus Act on federal forces certainly affect these suggestions for reorganization. A solution to these problems would be to formally organize all part-time soldiers into a state led organization to provide state governors immediate access to significant manpower pool for states missions. Since full-time soldiers on federal status maintain their home state of residence regardless of their military assignment location, it would not affect them. However, part-time soldiers would be citizens of the state and could be considered available for state missions. These soldiers could be organized by the state, outside of the federal unit in coordination with the Army. Just as the National Guard of today is a state force until federalized, part-time soldiers would be assets of the states, unless the Army calls them to duty. State missions, duty, pay and benefits would be completely separate from the federal system that would be run by the Army.

A new promotion system would be needed to serve the Army and the soldiers in support of this plan. Soldiers would be allowed to compete for full-time and part-time promotions separately. Selection or non-selection in either would be considered an option for the soldier, not a detriment. Non-selection policies could still prevent stagnation within each system.

A full-time soldier who is accepted for full-time promotion would be moved to a full-time position within the command or as a Permanent Change of Station (PCS) move, just as it is executed in the current system. If that same soldier is promoted into a part-time position, the soldier would move as a PCS just like soldiers who leave active service or those who leave under their Expiration Term of Service (ETS) in the current system. If a part-time soldier is promoted on the full-time system, the soldier moves into the position just as new soldiers enter active duty. However, if that same part-time soldier applies for and is promoted into a part-time slot, no move would take place and the soldier would have the responsibility to coordinate duty at the new unit. These promotion policies are very similar to today's policies. The intent and goal financially is a systemic zero sum gain from the current costs of moving soldiers who change jobs, accept military duty, or leave active service.

The evaluation system for officers would not change from the current system that separates senior rater profiles according to component. Senior raters would have separate profiles for full-time and part-time soldiers. Keeping these evaluation processes separate is not a detriment to the soldier or the system; it simply allows senior raters to evaluate his subordinates against other soldiers in the same duty status and it keeps senior raters from using part-time soldiers as filler for a senior rater profile.

The new retirement system is aimed at 30 years of service with 20 years of active qualifying membership, thus integrating part-time and full-time status. Target retirement age for all soldiers is 48-53 years old with full retirement benefits. The normal career progression would encourage an active soldier to transition into civilian life as a part-time soldier while maintaining membership, involvement, and an income with the Army until the 30th year; the soldiers would then transfer into the retired reserve and draw retirement benefits immediately.

The benefit to the Army of ten more years of service potential clearly increases the level of training and competency of part-time soldiers and the level of skills they would be able to bring to any part-time position in the Army. Unlike today's system, the proposal capitalizes on prior service experience. Soldiers, who have spent twenty years in uniform, can walk away from full-time duty with a means to continue participating in uniform, without requiring activation from the retired reserve. This new concept encourages contributions to the nation beyond the normal twenty years of service, with the option of reserve involvement and pay. The additional ten years of service qualification would increase the number of trained soldiers available to the Army and clearly increase the potential contributions of all soldiers planning to leave full-time service.

The new plan would extend the retirement benefit age of the current active duty soldiers from 20 years of qualifying service to 20 qualifying years of service and 30 years of total service. Likewise, it would also change the benefit age of the retiring reservist from age 60 to 30 years of service. The retirement system would be based on one day of work in the Army for one day of full benefits and pay, to include: housing, subsistence, incentive pay, and professional pay at the location of the geographically assigned unit. A minimum requirement of 14 days of duty to earn a qualifying retirement year reduces the number of required days for part-time soldiers to earn a qualifying year and reduces the total retirement points, thus adding the benefit of drawing retirement pay earlier than the current system.

An additional option for all soldiers is the Individual Ready Reserve (IRR). Membership in the IRR does not align a soldier with a unit and does not guarantee training funds, but it does keep the soldier in the Army system and available for recall. Soldiers would not have to maintain good years while assigned in the IRR, but they could return to a unit position at any time in either status. Soldiers may choose to gain twenty qualifying years, transfer to the IRR, then await transfer to the Retired Reserve, or any combination there of. The IRR gives soldiers a chance to take a break from the Army to return at a later date.

The new system would use the current active rules of 50% base pay for 20 active years and 75% base pay for 30 years of qualifying active service, but it also adds in a point system in

order to account for part time soldiers. One qualifying year would only require 14 days of duty. Part-time soldiers could have a good year with one 2-week tour of duty. The amount of retirement pay would reflect the number of days in the Army. The full-time soldier, with the same number of qualifying years, would receive significantly more retirement pay based on the number of days each of them served on active duty. The following equation and examples explain the new system.

Begin with the number of qualifying retirement years and locate the retirement Base Pay percentage on the chart (the Chart uses the current active duty retirement goals of 50% for 20 qualifying years and 75% for 30 qualifying years with a 2.5% increment per year as a standard to calculate Base Pay Percentages). Multiply the actual Base Pay by the derived percentage, and then multiply that by the number of duty days performed divided by the number of days required for a twenty-year retirement (this ratio is for part-time credit. Full-time soldiers would have a ratio of 1. The ratio could never exceed 1, even when duty days exceed twenty full years). The end result is the retirement pay that all soldiers earn when they have completed 30 years of service with at least 20 qualifying years for retirement. The equation looks like this:

Base Pay Percentage x Final Base Pay x (Total Duty Days/# days in a 20 year retirement or 7,305 [ratio can never exceed 1]) = monthly retirement amount.

Here are a few long and short-range positive effects that result from this plan:

- The Army becomes a completely integrated system that can expand rapidly and effectively as necessary during times of national crisis.
- The Army retains qualified soldiers not assigned to the Retired Reserve for an additional ten years.
- The Army saves a minimum of ten years of retired pay per (currently active duty) soldier.
- Part-time soldiers gain an equitable retirement system that rewards the amount of duty completed.
- Soldiers take part-time or full-time positions without penalty of rank, longevity, or tenure restrictions.
- Soldiers compete for promotion in either full-time or part-time status.
- Although full-time promotions would be limited, management of full-time and part-time positions gives the Army the ability to ensure career development for all soldiers.
- The Personnel management system is centrally managed for the entire career of the soldier, regardless of full-time or part-time status.

- All personnel are promoted based on the needs of the Army and given the option of serving in a part-time or full-time status. Soldiers could leave full-time positions to take a break from service and return without penalty.
- Full-time status means a commitment on the individual and the Army to stay in full-time slots for a designated contract period.
- Flexibility in designation of full-time and part-time positions within each unit allows all soldiers the opportunity for equitable professional development and experience.
- Eliminates a category of retirees that require different recall to active service conditions during their useful years (Gray Area retirees).

## COST COMPARISON

The Chart below shows the current number of non-disability retirees for 2002 in each category:

	Active Retirement	Reserve Retirement	Total
<b>Active Component</b>	385,219		385,219
<b>Reserve Component</b>	47,384	225,502	272,886
<b>Total</b>	432,603	225,502	658,105

TABLE 2 – 2002 ARMY RETIREES<sup>26</sup>

Using the chart above and assuming an equitable distribution of retired costs per component, it is clear that delaying retirement benefits for Active Retirements for 10 additional years (433k soldiers) would save a significant amount of money. It is also clear that reducing benefits “wait time (Gray Area)” for the Reserve Retirements (225k soldiers) by approximately the same amount of time (about 10 years earlier) would not cost more than the savings gained from the delay. Overall, this system would cost less than our current system.

Another way to look at system inequities comes from a comparison of retirement pay at the individual level. The chart below was taken from a study conducted in 1984 and compares an active and reserve officer, and an active and reserve enlisted soldier. The following example focuses on the actual cost of each retiree based on a successful military career with the following assumptions listed in Appendix D of that study:<sup>27</sup>

- Active Duty O-5 retires age 42 with 22 years of service. [8035 duty days]
- Active Duty E-6 retires age 42 with 22 years of service. [8035 duty days]
- Reserve O-5 retires age 50 with 3200 retirement points (26 [qualifying] years). Points are based on 4 years Active Duty [1460 days] 22 years Reserve (75 points/year), [22 yrs x (24 days drill+ 27 days

$AT/ADT)=1,122]$  career accumulation of 110 additional points, which equals 3200 retirement points. [2,692 duty days]

- Reserve E-6 retires age 45 with 2500 retirement points (21 [qualifying] years). Points are based on 3 years Active Duty [1,095 days], 19 years Reserve (72 points/year), [19 yrs x (24 days drill+ 23 days  $AT/ADT)=1,034]$ ] career accumulation of 52 additional points, which equals 2500 retirement points. [2,181 duty days]
- All personnel live to age 73.
- Dollar amounts based on FY84 pay scale and standard formula for computing Reserve retired pay:
- Retirement Points:  $360 \times .025 \times \text{base pay} = \text{monthly retirement pay}$

		Cost/Year	Lifetime Cost*	Cost per Productive Year	[Total Cost per Productive Duty Day]
Active Duty	O-5	22,417.56	694,944.36	31,588.38	[86.49]
	E-6	8,917.92	276,455.52	12,566.16	[34.41]
Reservist	O-5	9,057.60	117,748.78	4,528.80	[43.74]
	E-6	2,815.00	36,595.00	1,742.62	[16.78]

TABLE 3 – INDIVIDUAL COMPARISON OF RETIREMENT COSTS<sup>28</sup>

\*Lifetime cost was derived by multiplying annual retirement amount (FY84Dollars) by the number of years received to age 73. No attempt was made to discount the figures to present value.

Using the example above with the same soldiers, the table below points out a significant discrepancy between the amount of retirement pay that each soldier of equal rank earns over a lifetime compared to the amount of duty that each soldier of equal rank perform:

	Total Retirement Pay Ratio (Active Retirement Pay/Reserve Retirement Pay)	Duty Days Ratio (Active Duty Days worked/Reserve Points earned)
O-5	5.9	2.9
E-6	7.6	3.7

TABLE 4 – INDIVIDUAL RETIREMENT RATIOS

What this means is that the Active Duty O-5 earned 5.9 times more retirement pay than the Reserve O-5 for 2.9 times more number of duty days. Likewise, the Active E-6 earned 7.6 times

more retirement pay for 3.7 times more credible duty days. Although these ratios all point to an inequitable system, the Active Army mission often requires an overseas presence that the reserve components only contend with on deployment that makes it difficult to completely solve the situation mathematically. Complete integration would eliminate these types of situations, however, part-time soldiers would share the burden of rapid military response in high priority type units.

Using the same soldiers in the example listed above in 1984 dollars, the following chart depicts the effects of the proposed retirement pay system:

		Cost/Year	Lifetime Cost*	Cost per Productive Year	Cost per Productive Duty Day
Full-Time	O-5	22,417.56	515,603.88	23,436.54	64.17
	E-6	8,917.92	205,112.16	9,323.28	25.53
Part-Time	O-5	9,057.60	172,094.40	6,619.02	63.93
	E-6	2,815.00	53,485.00	2,546.90	24.52

TABLE 5 – NEW SYSTEM INDIVIDUAL COMPARISON OF RETIREMENT COSTS

The difference between the information in Table 3 and Table 5 is that all soldiers begin receiving retirement pay at 30 years of service in Table 5 instead of retirement date or age 60 in Table 3.

	Retirement Pay Ratio (Active Retirement Pay/Reserve Retirement Pay)	Duty Days Ratio (Active Duty Days worked/Reserve Points earned)
O-5	3.0	3.0
E-6	3.8	3.7

TABLE 6- NEW SYSTEM INDIVIDUAL RETIREMENT RATIOS

The ratios above show that the Full-Time O-5 received 3 times the amount of pay for 3 times the amount of duty days, and the E-6 received 3.8 times more pay for 3.7 times more duty days. Clearly, the Cost per productive duty day is more equitable with the new system when compared to the current system.

## IMPLEMENTATION

Any changes that are made in structure clearly have many second and third order effects. These changes cannot happen overnight and a conversion would have to systematically meet existing obligations, current laws, and not impede the Army's ability to respond to any military

crisis. Most members of the reserve system would convert easily while it may take an entire career cycle to completely convert the active force. Options for conversion to the new system could include monetary incentives for those groups that pose the most resistance. The bottom line is that we must define what we want the system to be and then take necessary steps to create it.

A positive first step is to merge PERSOM and AR-PERSCOM into one location and continue design of an integrated personnel database for all soldiers. Once a common personnel system can account for all soldiers, systemic changes within the Army force structure can begin. Units would become aligned with doctrinally correct forces and all units would become knowledgeable about the part-time program. Slots for part-time soldiers would be designated in all units and eventually, a change in accounting for part-time soldiers can begin.

Convincing part-time soldiers to change retirement systems will not be difficult but the current active duty soldiers may not like the idea of a delay in retirement benefits, regardless of a part-time option. Accessions eventually would have to contract the next generation under the new rules and implement the 30 years of duty retirement in place of the current reserve and active retirement.

Coordination with the state National Guard is essential and would require significant federal and state cooperation. Understanding and cooperation with state officials to develop a shared manpower system could pose a significant challenge since each state and territory is different and might require a separate agreement. Soldiers who have not traditionally had state ties would require training and education on state missions and the individual responsibility to respond to the state requirements.

Under no condition could the combat readiness of the Army be decreased due to implementation of the system. Most changes should be transparent in the soldier's daily activities, regardless of status.

## **CONCLUSION**

Transformation plans call for the Army of tomorrow to look significantly different than the Army of today. The new transformed Army is based on concepts that came from necessary changes to remain decisive in battle and combat effective. Change is rarely easy and often requires a great deal of effort. I propose that the changes I have recommended are worth the effort and, in the long run, will be far more beneficial to the Army than we can comprehend in today's terms. We have a responsibility to maximize the defense of our nation through creative efficiencies and innovations that keep our nation safe.

In keeping with our national objectives and in order to maximize efficiency and productivity within the Army, the Army should adopt this new system. Soldiers are the greatest resource in the Army and structuring a force around that soldier allows far greater responsive flexibility and continuity than provided in our current compartmentalized processes. Only through increased legitimacy, acceptance, and total integration of our reserve forces, will our Army realize its full potential in our number one mission: "To win our nation's wars."

WORD COUNT: 7,318



## ENDNOTES

<sup>1</sup> Richard B. Crossland, and James T. Currie, Twice the Citizen (Washington, D.C.: Office of the Chief, Army Reserve, 1984), 1.

<sup>2</sup> Henry H. Shelton, "Total Force: One Force-One Standard." Officer, January–February 2000, 28–20. In Joint Processes and Landpower Development, Vol. 2, (Carlisle: U.S. Army War College, 2001), 121.

<sup>3</sup> Dennis J. Reimer, "One Team, One Fight, One Future," 1998 preface.; available from <<http://www.paed.army.mil/acrc/docs/oneteam.pdf>>. Internet; accessed 23 February 2002.

<sup>4</sup> Ibid.

<sup>5</sup> Eric K. Shinseki, "Strategic Leadership," Vol.2, Intent of the Chief of Staff, Army (Carlisle: U.S. Army War College, 2001), 145.

<sup>6</sup> Eric K. Shinseki, "United States Army Active / Reserve Component Integration," 14 Jan 2002; <<http://www.paed.army.mil/acrc/>>; Internet; accessed 23 February 2002.

<sup>7</sup> John M. Carroll and Colin F. Baxter, The American Military Tradition, (Wilmington: Scholarly Resources Inc., 1993), 19.

<sup>8</sup> Ibid., 40.

<sup>9</sup> Ibid., 52.

<sup>10</sup> Robert W. Coakley, "The winning of Independence," in Maurice Matloff (Gen. Ed.), American Military History, (Washington, D.C.) Office of the Chief of Military History, United States Army, 1969), 98–100; 5.

<sup>11</sup> Emory Upton, The Military Policy of the United States, 4th Edition, (Washington, D.C.: 1916), xiii; quoted in Richard B. Crossland, and James T. Currie, Twice the Citizen, (Washington, D.C.: Office of the Chief, Army Reserve, 1984), 11.

<sup>12</sup> Ibid., 12–14.

<sup>13</sup> "Your Association Wins Promotions for Officers Reverting to Inactive Status," The Reserve Officer (November 1945): 4, quoted in Richard B. Crossland, and James T. Currie, Twice the Citizen, (Washington, D.C.: Office of the Chief, Army Reserve, 1984), 82.

<sup>14</sup> Ibid., 81–83.

<sup>15</sup> [Peter M. Zouras,], Valuation of the Military Retirement System, (Arlington: Department of Defense, Office of the Actuary, 1999), B-3.

<sup>16</sup> Letter, MG Edward F. Witsell, The Adjutant General, to BG E.A. Evans, Reserve Officers Association, December 3, 1947, RG 319, Entry 343, Box 137 (210.85), quoted in Richard B.

Crossland, and James T. Currie, Twice the Citizen, (Washington, D.C.: Office of the Chief, Army Reserve, 1984), 92-93.

<sup>17</sup> General Accounting Office, Report to the Honorable Douglas (Pete) Peterson, House of Representatives Military Retirement, Possible Changes Merit Further Evaluation (Washington, D.C.: U.S. General Accounting Office, National Security and International Affairs Division, 1996), 23.

<sup>18</sup> Dana L. Smith, ed., Reserve Forces Almanac (Falls Church: Uniformed Services Almanac, 2002), 95.

<sup>19</sup> Ibid.

<sup>20</sup> Title X – Armed Forces, U.S. Code, Section 688 (1983); available from <<http://www4.law.cornell.edu/uscode/10/688.html>>; Internet; accessed 06 March 2002.

<sup>21</sup> Title X – Armed Forces, U.S. Code, Section 12301 (1983); available from <<http://www4.law.cornell.edu/uscode/10/12301.html>>; Internet; accessed 06 March 2002.

<sup>22</sup> Department of the Army, Army Reserve Assignments, Attachments, Details, And Transfers, Army Regulation 140-10 (Washington, D.C.: U.S. Department of the Army, 1 September 1994), 27.

<sup>23</sup> Ibid., 180.

<sup>24</sup> Ibid., 171.

<sup>25</sup> Ibid., 64.

<sup>26</sup> Ibid., 100.

<sup>27</sup> Reserve Forces Policy Board, Active/Reserve Force Mix Report, (Washington, D.C.: Office of the Secretary of Defense, December 1984), D-1.

<sup>28</sup> Ibid., D-2.

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